

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Consider
Alternative-Fueled Vehicle Programs,
Tariffs, and Policies

Rulemaking 13-11-007
(Filed November 14, 2013)

**JOINT REPLY COMMENTS OF THE ALLIANCE OF AUTOMOBILE
MANUFACTURERS, AMERICAN HONDA MOTOR COMPANY, AND
GENERAL MOTORS ON AMENDED SCOPING MEMO AND RULING OF
THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE**

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I. INTRODUCTION

The Alliance of Automobile Manufacturers, American Honda Motor Company, and General Motors (Joint Automakers) are pleased to have the opportunity to provide reply comments on the California Public Utilities Commission’s (CPUC or the Commission) Amended Scoping Memo adding the transportation electrification issues contained in Senate Bill (SB) 350 to R.13-11-007. Parties’ opening comments highlighted several important issues, from the overall speed, scope, and scale of transportation electrification (TE) efforts to the details of standards and specific pilot and program opportunities. The Joint Automakers provide the following reply comments with the goal of facilitating transportation electrification and ultimately realizing grid benefits.

II. SB 350 Calls for Broad, Large-Scale, and Accelerated Utility Engagement on Transportation Electrification

Several parties – at the April 29th workshop as well as in Opening Comments – articulated an overarching need for broad, large-scale, and accelerated utility engagement to support transportation electrification and meet state goals. For example, the Natural Resources Defense Council (NRDC) wrote that “...to meet the directive established by §740.12, programs and investments of a speed, scope, and scale that go well beyond the set of applications recently approved or currently pending before the Commission will be required.”¹ Several other parties made similar statements about outstanding needs (see below for additional discussion and

¹ Comments of the Natural Resources Defense Council on Transportation Electrification Workshop, page 3.

citations) and the Joint Automakers agree.

Parties also commented that utilities are important partners in meeting the state’s transportation electrification goals, given their ability to design rates, install infrastructure, and conduct outreach and education, among other things.² Southern California Edison (SCE) stressed that public-private collaboration is key to success: “coordination among utilities and other parties will increase the likelihood of success. Well-structured relationships can provide experience and access to information that can improve future program design and benefit other public and private sector stakeholders. Collaboration will also help to accelerate TE, in support of the state’s ambitious goals, while optimizing funding.”³ We agree that the utilities play a key role, and we continue to encourage the Commission and stakeholders to enable structural flexibility over the next five years. Continued encouragement of multiple models, pilots, and programs while ensuring fundamental principles are in place provides guidance to utilities and service providers while allowing the market to grow and test new opportunities.

It is important to consider the scale of the opportunity, the barriers that must be addressed, and the need for broad collaboration when considering the best pathways to implement the directives in SB 350. Some of the outstanding needs and opportunities are addressed below.

III. DISCUSSION OF PARTY RESPONSES TO QUESTIONS IN SCOPING MEMO

1. In what ways should the Application Guidance Straw Proposal in Appendix A of this Scoping Memo be modified to better align with the mandates of SB 350?

Numerous parties provided redline versions of the Application Guidance Straw Proposal

² For example, the South Coast Air Quality Management District cites the unique advantages that utilities have in infrastructure deployment and outreach and education (Comments of South Coast Air Quality Management District Staff in Response to Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, page 5). Additionally, ChargePoint and PG&E both comment on financial incentives in comments that are discussed and referenced under Section III, below. Finally, NRDC, TURN, SCE, and PG&E talk about rate design in comments that are referenced and cited under Section III, below.

³ Southern California Edison Company’s (U 338-E) Comments in Response to Amended Scoping Memo and Ruling of the Assigned Administrative Law Judge, page 12.

(Straw Proposal) in their comments, with several referring back to individual elements of the statutory language and providing different interpretations. Providing more direct, verbatim reference to the relevant code sections in the guidance may help eliminate debates about interpretations of the statute. Without commenting on the specific language recommendations for the guidance, we want to highlight two key issues.

- **The Straw Proposal should more clearly articulate the need for faster action, broader thinking, and larger scale.** NRDC stated that “the straw proposal falls short of accurately reflecting the speed, scope, and scale required by SB 350,” and goes on to recommend specific guidance language incorporating transportation electrification directives from §701.1 and §740.12.⁴ Similarly, the Coalition of California Utility Employees (CUE) stated that the “Amended Scoping Memo should more clearly articulate that the utilities must adopt programs which meet the scope, speed, and scale required in Public Utilities Code Section 740.12.”⁵ As noted under Section I above, the Joint Automakers agree.
- **The language requiring that initiatives leverage federal funds should be revised.** The Straw Proposal stated that “Initiatives...must consider regional transportation conditions and plans and leverage federal funds” (emphasis added). East Yard Communities for Environmental Justice, et al. wrote that “the criteria should clarify that while ‘leveraging federal funds’ is certainly desirable, this criterion is not intended to limit applications to projects that are also receiving federal or other public funding.”⁶ The Joint Automakers agree that a definitive requirement to leverage federal funds would be overly limiting and could result in missed opportunities. We note that other parties also raised questions about this language. For example, The Utility Reform Network (TURN) wrote that ““General Guidance point #2 should be revised to specifically reference leveraging ‘state

⁴ Comments of the Natural Resources Defense Council on Transportation Electrification Workshop, page 4.

⁵ Opening Comments of the Coalition of California Utility Employees on Transportation Electrification Workshop, page 2.

⁶ East Yard Communities for Environmental Justice, Center for Community Action and Environmental Justice, and Sierra Club Comments on Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, page 32.

and private funds’ in addition to ‘federal funds.’”⁷

2. In light of current industry development and technology availability, should the Commission focus on particular transportation sectors or market barriers, and why?

Parties identified several outstanding market barriers – including but not limited to charging infrastructure – that are standing in the way of broad transportation electrification in the light duty sector. Recommendations on how best to address these barriers are below.

- **Continue to support infrastructure deployment, potentially through new models.**

We agree with SCAQMD that “substantial additional numbers of charging stations are needed to establish a critical mass of infrastructure needed for broad and robust markets for zero emission vehicles,”⁸ and with SCE that near-term EV infrastructure growth should be expedited.⁹ While the Phase 1 pilots are an important step, they are not sufficient to meet the directives of SB 350. We also agree with ChargePoint that the Commission and utilities should consider additional business models – beyond those in the three Phase 1 IOU pilots – such as the charger rebates being provided by the Los Angeles Department of Water and Power (LADWP).¹⁰ Similarly, PG&E suggests the IOUs could accelerate transportation electrification in part through “financial incentives to assist in uptake.”¹¹ Programs like these can complement existing pilot programs and leverage outside funding. In addition, the notion to create “fast track” opportunities—which could be either task or program specific—in addition to applications that go

⁷ Comments of The Utility Reform Network on the Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, page 2

⁸ Comments of South Coast Air Quality Management District Staff in Response to Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, page 4

⁹ Southern California Edison Company’s (U 338-E) Comments in Response to Amended Scoping Memo and Ruling of the Assigned Administrative Law Judge, page 9

¹⁰ ChargePoint, Inc. Comments on SB 350 Transportation Electrification Workshop and Application Guidance Straw Proposal, page 7. The Joint Automakers believe simple, streamlined rebates such as those being provided by LADWP are particularly promising in single-family home applications, though they could be considered for other situations as well.

¹¹ Opening Comments of Pacific Gas and Electric (U 39E) in Response to Questions in Appendix B of Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, page 4

through the slower conventional CPUC process¹² is an appealing tactic for the Commission to consider. While we believe stakeholders would need to explore which activities and what type of requirements would be allowed, there is reason to believe this dual track approach would help provide flexibility and scale while allowing for the different types of programs and activities being called for by various parties.

- **Ensure that PEV rates provide benefits for both consumers and the grid.** Several parties recommended that the Commission and utilities take a fresh look at rate structure to dismantle barriers such as demand charges and ensure that rates support, rather than hinder, transportation electrification, by providing EV drivers with economic benefits. For example, NRDC stated that “Fuel savings are fundamental to the economics of transportation electrification. Unfortunately...electricity is often more expensive than gasoline. Likewise, the price is often masked by complicated utility tariffs and by third-party pricing schemes...” and recommended that the Commission should use its authority to address this issue.¹³ Further, the Environmental Defense Fund (EDF) pointed out that “there is clear evidence that dynamic pricing can help many customers see bill savings.”¹⁴ We agree that rates need more attention and note that a very diverse group of additional parties also recommended using rates as a tool to support electrification. For example, TURN recommended that the Commission direct utilities to look at “Improved charging rate structures to increase the reduced fuel cost benefits for drivers”¹⁵ and SCE provided an example of one scalable opportunity: “electric rates that are designed to support TE.”¹⁶ Similarly, PG&E suggested that rate design was one important tool for utilities to support transportation electrification, and argued that utilities can and should conduct outreach and education, as “customers considering alternative fuel options may

¹² Southern California Edison Company’s (U 338-E) Comments in Response to Amended Scoping Memo and Ruling of the Assigned Administrative Law Judge, page 3

¹³ Comments of the Natural Resources Defense Council on Transportation Electrification Workshop, page 6

¹⁴ Comments of Environmental Defense Fund on the Transportation Electrification Workshop and Electric Vehicle Straw Proposal, page 3

¹⁵ Comments of The Utility Reform Network on the Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, page 4

¹⁶ Southern California Edison Company’s (U 338-E) Comments in Response to Amended Scoping Memo and Ruling of the Assigned Administrative Law Judge, page 18

benefit from information about rates and the way in which operations can be optimized to lower operating costs.”¹⁷ We agree, both on the need for rates that support transportation electrification, and on the need for outreach and education to help ensure that consumers realize the benefits of these rates.

3. What needs for standards development, research and development, or pilot projects exist that should be addressed by the Commission? What ongoing initiatives may be ready for increased scale?

The Commission should encourage initiatives aimed at integrating EVs as grid assets, in order to increase local renewables, expand storage, and provide grid services. For example, SCPA stated that giving EV drivers access to daytime workplace charging “can also facilitate the development of additional local solar power generation, by providing a load to take delivery of solar power produced during the daytime.”¹⁸ Additionally, EDF argued that, “EVs can contribute to grid stability and allow for increased use of renewable energy without necessitating curtailment of these clean resources.”¹⁹ The Joint Automakers agree – EV charging infrastructure planning must be comprehensive, and vehicle-grid integration initiatives should be scaled up once they are proven out in pilots. Recommendations for increasing EV integration are below:

- **It is not necessary for the Commission to endorse a single vehicle-grid communications standard.** The Joint Automakers believe that at this time, the Commission should not endorse ISO 15118 as the official standard for vehicle-grid communications, as was recommended by KnGrid. Selecting ISO 15118 – or any other standard – at this early point in the market could dampen innovation as well as cause unintended consequences in the future as vehicle-grid communication needs become

¹⁷ Opening Comments of Pacific Gas and Electric (U 39E) in Response to Questions in Appendix B of Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, page 4

¹⁸ Comments of the Sonoma Clean Power Authority on SB 350 Transportation Electrification Issues, page 4

¹⁹ Comments of Environmental Defense Fund on the Transportation Electrification Workshop and Electric Vehicle Straw Proposal, page 7

clearer. Furthermore, we note that there is broad automaker support for, and participation in, the ongoing effort to create an Open Vehicle-Grid Integration Platform (OVGIP) to facilitate vehicle-grid integration with a “driver-centric” approach. The Joint Automakers agree with BMW that there is value in pursuing VGI approaches that keep the vehicle driver at the center of VGI decision making, which OVGIP is structured to do. Additionally, OVGIP will allow for the ISO 15118 standard – along with other protocols such as OADR2.0b and SEP2.0 – without requiring the Commission to endorse any single the standard at this time.

- **Pilot projects should include projects that test the ability of EVs to provide grid services, such as battery second life and V1G/V2G.** The Joint Automakers echo comments from several other parties on a variety of promising areas for further work on vehicle-grid integration, including:
 - **Battery second life:** BMW suggested that the reuse of EV batteries as grid storage should be considered in future utility applications, explaining that a market for used batteries can increase EV resale value and reduce both the demand for and lifecycle emissions from new battery production.²⁰ In addition, TURN listed “Pilots to test ‘battery second life,’” as a recommended focus for utility applications.²¹ The Joint Automakers agree that EV batteries present an opportunity for future business models, and we support further investigation into utility applications of EV battery second life.
 - **Grid services through controlled charging (V1G) and V2G:** EDF described the importance of V1G pilots, supporting existing IOU EV pilots that study load management and strategically placed charging infrastructure.²² Additionally, EDF elucidated the need for regulatory pathways for V2G services, noting that

²⁰ Opening Comments of BMW of North America, LLC to Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge for Rulemaking 13-11-007, page 4

²¹ Comments of The Utility Reform Network on the Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, page 4

²² Comments of Environmental Defense Fund on the Transportation Electrification Workshop and Electric Vehicle Straw Proposal, page 6

“EVs could also serve as a fast-ramping resource to improve flexibility” if integrated into long-term planning and customers are appropriately incentivized.²³ Similarly, eV2g also argued that the Commission should create a regulatory pathway for V2G – such as SAE J3072 certification – and highlighted significant research and development efforts to maximize grid benefits from EV integration.²⁴ CSE recommended that VGI pilots include V1G and V2G capabilities.²⁵ The Joint Automakers agree with these parties that establishing a regulatory pathway for V2G is essential to realizing the goals of SB 350, while continuing V1G development which is capable of delivering many of the same near-term benefits.

4. *What should the application guidance ruling consider about the issues raised in the ARB workgroup meeting of April 8, 2016, and the issues raised at the April 29, 2016 workshop?*

The Joint Automakers have no additional comments at this time, as the key issues have been addressed within the discussions of questions 1, 2, and 3 above.

IV. CONCLUSION

The Joint Automakers appreciate the opportunity to provide reply comments on the Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge. We believe that meeting state goals will require creative thinking from both the Commission and the utilities, as well as third parties. Done right, transportation electrification can provide substantial

²³ Comments of Environmental Defense Fund on the Transportation Electrification Workshop and Electric Vehicle Straw Proposal, page 7

²⁴ Opening Comments of eV2g LLC, page 3, 6

²⁵ Opening Comments of the Center for Sustainable Energy to the Amended Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, page 5

benefits for the grid and for ratepayers. The integration of SB 350 into this proceeding, and the pilots and programs that should follow, are important steps toward accelerating transportation electrification and realizing these benefits.

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Respectfully submitted

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